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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

MAR 16 1992

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-8174

Conolog Corporation

(Exact name of registrant as specified in its charter)

Delaware	52-0853566
(State or other jurisdiction or organization)	(I.R.S. Employer Identification No.)

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3 Columbia Road, Somerville, New Jersey 08876

(Address of principal executive offices) (Zip Code)

908-722-8081

(Registrant's telephone number, including area code)

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rmer address and former fiscal year, anged since last report)

BEST COPY AVAILABLE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ____ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, par value $.01 per share 4,346,274 (exclusive of Treasury stock)

Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

In the opinion of management, the three-month and six-month comparative financial statements for January 31, 1992 and January 31, 1991 set forth herein reflect all adjustments (consisting only of normal recurring accruals) necessary to present fairly the results of operations for the unaudited periods.

Condensed Income Statements

		JANUARY 31, 1992		JANUARY 31, 1991 *	
		THREE MONTHS	SIX MONTHS	THREE MONTHS	SIX MONTHS
1.	Gross sales less discounts, returns and allowances	$ 869,447	$2,045,171	$1,058,704	$2,018,622
2.	Operating revenues	-	-	-	5,860
3.	Total of captions 1 and 2	869,447	2,045,171	1,508,704	2,024,482
4.	Costs and Expenses				
	(a) Cost of goods sold	399,987	1,125,904	681,141	1,354,627
	(b) Operating expense	-	-	-	-
	(c) Selling, general and administrative expenses	345,345	606,507	189,299	390,639
	(d) Interest expense	101,347	215,428	123,904	253,243
	(e) Other deductions, net	-	-	-	-
	Total costs and expenses	846,679	1,947,839	994,344	1,998,509
5.	Income before taxes on income and extraordinary items	22,768	97,332	64,360	25,973
6.	Provision for taxes on income (Note 4)	6,213	35,176	24,594	5,985
7.	Minority interest	-	-	-	-
8.	Income before extraordinary item	16,555	62,156	39,766	19,988
9.	Extraordinary item, reduction of income taxes arising from utilization of loss carryovers	6,213	35,151	24,594	5,960
10.	Net income	$ 22,768	$ 97,307	$ 64,360	$ 25,948
11.	Earnings per share - Primary	-	.02	.01	-
	Earnings per share - Fully Diluted (Note 1)	-	-	-	-
12.	Dividends per share	-	-	-	-

* Restated to reflect the extraordinary item resulting from the utilization of the net operating loss carryover.

Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

	FOR THE SIX MONTHS ENDED JANUARY 31,	
	1992	1991
Computation of Earnings Per Share:		
Weighted Average Number of Shares Outstanding:		
Common stock	4,346,274	4,346,274
Reserve for Conversion:		
Series A Preferred Stock *155,000 Series B Preferred Stock (1 to 20 conversion factor)	426,420	426,420
Total	4,772,694	4,772,694
Primary Earnings Per Share:		
Total Earnings	$ 97,307	$ 25,948
Pro-Rata Dividends on Preferred Stock * Series A and Series B	11,144	11,144
Net Earnings Available for Common Stock	$ 86,163	$ 14,804
Average Number of Shares of Common Stock	4,346,274	4,346,274
Primary Earnings Per Share	.02	-

* Each share of Series A Preferred Stock may be exchanged for one share of Common Stock upon surrender of the Preferred Stock and payments of $12 per share. In view of the large difference between the current market value of the stock and the conversion rate, these shares have not been added to the total common shares used in computing the net earnings per share.

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Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

BALANCE SHEET

		JANUARY 31, 1992	JULY 31, 1991
	Assets		
1.	**Current Assets**		
	(a) Cash and cash equivalents	$ 198,775	$ 297,867
	(b) Accounts receivable, less allowance of $20,000	469,909	222,250
	(c) Inventories	3,084,015	3,224,891
	(d) Other current assets	91,945	55,426
	Total Current Assets	3,844,644	3,800,434
2.	Property, Plant and Equipment, less accumulated depreciation of $1,736,935 and $1,694,735, respectively	576,805	574,233
3.	Other Assets	23,244	30,485
		$4,444,693	$4,405,152
	Liabilities and Stockholders' Equity		
4.	**Current Liabilities**		
	(a) Note payable - Bank (Note 2)	$1,050,000	$1,100,000
	(b) Current maturities of long-term debt (Note 2)	120,000	90,000
	(c) Current portion of capitalized lease obligations (Note 3)	81,348	55,528
	(d) Accounts payable	256,032	307,955
	(e) Other current liabilities	184,593	144,814
	Total Current Liabilities	1,691,973	1,698,297
5.	**Other Liabilities**		
	(a) Long-term debt, less current maturities (Note 2)	2,628,000	2,688,000
	(b) Capitalized lease obligations (Note 3)	78,248	69,690
		2,706,248	2,757,690
6.	**Stockholders' Equity**		
	(a) Preferred Stock, par value $.50; Series A; 4% cumulative; 162,000 shares authorized; 155,000 shares issued and outstanding	77,500	77,500
	(b) Preferred Stock, par value $.50; Series B; $.90 cumulative; 50,000 shares authorized; 21,321 shares issued and outstanding	10,661	10,661
	(c) Common Stock, par value $.01; authorized 6,000,000 shares; issued 5,223,870 shares (including 887,596 shares held in Treasury at January 31, 1992 and July 31, 1991)	52,239	52,239
	(d) Additional paid-in capital	952,994	952,994
	(e) Retained earnings (deficit)	(915,188)	(1,012,495)
	(f) Treasury shares, at cost	(131,734)	(131,734)
	Total Stockholders' Equity	46,472	(50,835)
		$4,444,693	$4,405,152

Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

STATEMENT OF CASH FLOWS

	FOR THE SIX MONTHS ENDED JANUARY 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 97,307	$ 25,948
Adjustments to Net Income to Reconcile to Net Cash Provided by Operating Activities:		
Depreciation and amortization	42,200	63,297
Increase in accounts receivable	(247,659)	(3,842)
Decrease in inventories	140,876	117,518
Increase in other current assets	(36,519)	(12,844)
Increase (decrease) in accounts payable	(51,923)	43,579
Increase (decrease) in other accrued expenses	39,779	(45,346)
Decrease in customer advances	-	(105,541)
Net Cash Provided by (Used in) Operating Activities	(15,939)	82,767
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(14,282)	(2,601)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of short-term borrowings	50,000	50,000
Repayment of short-term borrowings	(100,000)	-
Repayments of long-term borrowings	(26,112)	(44,356)
Decrease in other assets	7,241	3,728
Net Cash Provided by Financing Activities	(68,871)	9,372
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99,092)	89,538
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	297,867	41,724
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 198,775	$ 131,262
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period For:		
Interest	$ 209,533	$ 253,243
Income taxes	$ 50	$ 50
Noncash Investing Activities:		
Capital lease obligation incurred for the purchase of computer equipment	$ 30,490	$ -

Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

Note 1 - Fully diluted earnings per share, assuming conversion of Series A and Series B Preferred Stock, has not been reflected as the effect would be anti-dilutive or not material.

Note 2 - Long-Term Debt:

On October 10, 1991, the Company restructured the existing loan agreement with the bank. The new agreement consists of a line of credit in the amount of $1,000,000, a secured note payable for $100,000, of which $50,000 was paid on August 31, 1991 and $50,000 was paid on October 31, 1991, and a term loan in the current amount of $2,778,000 payable in monthly installments as follows:

$5,000 per month from August, 1991 through January 31, 1992
$10,000 per month from February, 1992 through July, 1993
$20,000 per month from August, 1993 through July, 1994
$25,000 per month from August, 1994 through October, 1994
The balance of the loan is due on November 30, 1994

The interest rate on the line of credit, the secured note payable and the term loan is 3/4% over the prime rate of the bank. The interest may be increased to 2% over prime in the event of a default under the terms and conditions described in the agreement.

The line of credit, the secured note payable and the term loan are secured by substantially all accounts receivable, inventory, equipment, general intangibles, deposits and a mortgage on the Company's real property. The loans are guaranteed by the Company's president and vice president to the extent of $965,000 and $492,500, respectively. In addition, these officers have pledged all of their common and preferred Class B shares to the bank to secure their respective guarantees.

The term loan contains various covenants that limit the amounts of indebtedness, liens, contingent obligations, capital expenditures, dividends and stock acquisitions, investments, loans and advances, and leases. The covenants also prohibit mergers, consolidations, liquidation or dissolution, sale or lease of all or a substantial part of its property, business or assets, certain prepayments, sale and lease-back arrangements and subordinated debt.

The aggregate amounts of long-term debt maturities for the four years following January 31, 1992 are:

1993	$ 120,000
1994	180,000
1995	2,448,000
	$2,748,000

Form 10-Q
Summarized Financial Information For
CONOLOG CORPORATION

Note 3 - Capitalized Lease Obligations:

	JANUARY 31, 1992	JULY 31, 1991
Capital Lease Obligations:		
Leases payable	$ 159,596	$ 125,218
Less - Current portion	81,348	55,528
	$ 78,248	$ 69,690

Maturities on Capitalized Leases, subsequent to January 31, 1992 are:

1993	$ 81,348
1994	59,845
1995	17,409
1996	994
	$159,596

Note 4 - Income Taxes:

At January 31, 1992, the Company has a net operating loss carryforward of approximately $1,171,000 for tax purposes which is available to offset future Federal and state taxable income. The Company also has unused tax credits available of approximately $103,300.

Form 10-Q
Part 1 - Summarized Financial Information For
CONOLOG CORPORATION

Management's Analysis of Quarterly Income Statements:

A summary of income, costs and expenses for the current quarter and corresponding quarter of the previous year follows:

	QUARTERS ENDED JANUARY 31,	
	1992	1991
Sales and revenues	$ 869,447	$1,058,704
Costs and expenses	846,679	994,344
Net income after taxes	$ 22,768	$ 64,360

Net sales decreased approximately $189,000 in the second quarter of 1992, from the second quarter of 1991. For the six months, sales increased $26,000 from last year.

The net income for the quarter decreased $41,600 from the second quarter of 1991. This was primarily the result of decreased sales.

Gross profit on sales was 45% in the first six months of 1992, compared to 33% for the same period in 1991. The high gross profit margin in 1992 is the result of profitable contracts and using inventory valued at lower than current costs.

Selling, general and administrative expenses increased $216,000 or 55% from the six months in 1991. Interest expense decreased $38,000 from last year. The increase in selling, general and administrative expenses is the result of the Company's effort to increase sales, thus putting an emphasis on selling and marketing costs. This has been done through an increase in commissions to sales representatives and an increase in travel costs to support new and potential customers. Interest decreased due to lower interest rates compared to 1991.

Working capital at January 31, 1992 was approximately $2,153,000 compared to $2,102,000 at year ended July 31, 1991. Management is aware that it must continue to obtain more profitable sales so that earnings will be available to meet its future debt obligations. Management is optimistic that based upon current conditions, it will be able to meet its current and anticipated operating requirements.

Management Representation:

The information furnished reflects all adjustments which management considers necessary to a fair statement of the results for the period.

Statement Regarding Present Operations:

There was no material change in the nature of the operations of Registrant during the six months ended January 31, 1992 from the information contained in the Registrant's annual report of Form 10-K for the fiscal year ended July 31, 1991.

Form 10-Q
Part II - Other Information
CONOLOG CORPORATION

1. Legal Proceedings - No material proceedings pending at January 31, 1992

2. Changes in Securities - NONE

3. Defaults upon Senior Securities - NONE

4. Submission of Matters to a Vote of Security Holders - NONE

5. Other Materially Important Events - NONE

6. No Reports or Exhibits on Form 8-K have been filed during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Conolog Corporation
(Registrant)

Mar 11, 1992
(Date)

(Signature) (Title)

Mar 11, 1992
(Date)

(Signature) (Title) EVP